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June 7, 2012

VIA ELECTRONIC
AND U.S. MAIL

Mr. Terry O'Clair
Director, Division of Air Quality
North Dakota Department of Health
918 E. Divide Ave.
Bismarck, ND 58501-1947

RE: Coal Creek NOx BART Analysis: Technical Update

Dear Mr. O'Clair:

Please find enclosed a brief technical update to accompany Great River Energy's ("GRE's") April 5, 2012 Coal Creek Station Units 1 and 2 Supplemental Best Available Retrofit Technology Refined Analysis for NOx Emissions ("Supplemental BART Analysis"). GRE has updated the tables in its Supplemental BART Analysis to assist the North Dakota Department of Health ("NDDH") to evaluate the cost of several scenarios not expressly addressed in GRE's April 5, 2012 submission. GRE's update contains new control cost numbers based on the following assumptions:

- Coal Creek Station Unit 2's NOx emissions baseline has been adjusted to 0.201 lb/MMBtu instead of 0.153 lb/MMBtu;
- Baseline operating hours for Units 1 and 2 and the resulting emissions have been scaled up to reflect emissions in non-outage years; the result of this scale-up is a control efficiency of 39% (instead of 33%) for SNCR and LNC3+ together.

This update confirms GRE's long-standing position that LNC3+ is cost effective, but that SCNR and LNC3+ is not the Best Available Retrofit Technology ("BART") for Coal Creek Station Units 1 and 2 because the combined technologies are not cost effective on an actual or incremental basis. Even under a lowest-cost scenario that assumes no impact to ash sales, which we know is infeasible, the two controls remove NOx at a cost of roughly $2,200/ton, which is well above the presumptive standards set by EPA's BART guidelines. More importantly, the incremental cost of SNCR is roughly $4,700/ton, which demonstrates SNCR is not a cost-effective addition to the already-efficient LNC3+ controls. The cost of SNCR cannot be justified given that it results in no visibility improvements beyond that achieved with LNC3+ alone.

Please do not hesitate to call me if you have any questions about this update.

Sincerely,

Mary Jo Roth
Manager, Environmental Services

Enclosures

c: Tom Bachman, NDDH
William M. Bumpers (via e-mail)
Eric Olsen, GRE
Deb Nelson, GRE